



Date: March 7, 2011

To: Thomas J. Bonfield, City Manager

Through: Theodore L. Voorhees, Deputy City Manager
Mark D. Ahrendsen, Transportation Director

From: Harmon E. Crutchfield, Assistant Transportation Director

Subject: Execution of Amendment 2 with Lanier Parking Systems of Durham, LLC for Parking Management Services

Executive Summary

The City is required to operate, manage and provide maintenance for its Off-Street parking program as well as provide parking enforcement, citation processing and adjudication services for its On-Street parking program. The Department of Transportation, specifically, is currently tasked with the day-to-day oversight of Off-Street and On-Street parking.

In July 2008, the City entered into a three (3) year contract with Lanier Parking Systems (LPS) of North Carolina, Inc to operate, manage and provide maintenance for its Off-street parking program, consisting of the Chapel Hill, Corcoran, and Church parking garages, and all City-owned surface lots. Additionally, LPS is contracted to provide parking enforcement, citation processing and adjudication for the City's On-street parking program. Simultaneously, in July 2008, the City also executed a three (3) year contract agreement with Craig Davis Properties (CDP Durham Parking Management Agreement) to operate, manage, and provide maintenance of the Durham Centre parking garage. In May 2009, the City and CDP Durham mutually agreed to terminate the CDP Durham Parking Management Agreement. Subsequently, the City amended the Parking Management Contract with LPS to incorporate the operations, management, and maintenance of the Durham Centre parking garage. The initial term of the contract with LPS expires on July 20, 2011. However, a three (3) year contract extension renewal was included in the initial contract such that the City could extend the contract for an additional three (3) years provided services were performed at a satisfactory level and under same terms and conditions of the original contract.

As of December 16, 2010, Lanier Parking Systems of North Carolina, Inc. assigned this contract to Lanier Parking Systems (LPS) of Durham, LLC. The City consented to the assignment and assumption agreement under authority of the City Manager pursuant to the original agreement.

Recommendation

To authorize the City Manager to execute a contract amendment with Lanier Parking Systems (LPS) of Durham, LLC for parking management services for an additional three (3) years

ending July 20, 2014 for an increase of \$4,491,930.03 not to exceed the total amount of \$8,430,761.21.

Background

The City of Durham owns five (5) parking garages and fourteen (14) surface parking lots in the downtown area. The Department of Transportation is responsible for management of the Off-Street and On-Street parking programs.

On October 22, 2007, the City of Durham issued a Request for Proposals for the professional management, operation, and maintenance of three (3) of the City's parking garages (Chapel Hill Street, Corcoran Street and Church Street), and fourteen (14) parking lots (Off-Street parking) and professional management of On-Street parking, which includes parking enforcement, citation processing, adjudication and (possibly) meter management. After a review of the bidding firms' qualifications and proposed prices, the selection committee selected Lanier Parking Systems (LPS) of North Carolina, Inc. to provide the Off-Street and On-Street parking management services. In June 2008, City Council approved a three (3) year contract for parking management services with Lanier Parking Systems (LPS) of North Carolina, Inc. The City of Durham entered into a contract with Lanier Parking Systems (LPS) of North Carolina, Inc. on July 17, 2008 to provide On-Street (parking enforcement, citation processing, adjudication) and Off-Street (three (3) parking garages and 14 parking lots) parking management services in the City of Durham. Simultaneously, in July 2008, the City also executed a three (3) year contract agreement with Craig Davis Properties (CDP Durham) to operate, manage, and provide maintenance of the Durham Centre parking garage. In May 2009, the City and CDP Durham mutually agreed to terminate the CDP Durham Parking Management Agreement. Subsequently, the City amended the Parking Management Contract with LPS to incorporate the operations, management, and maintenance of the Durham Centre parking garage. The initial term of the contract with LPS expires on July 20, 2011. Staff recommends that the contract be extended an additional three (3) years ending July 20, 2014.

The fifth parking garage, North garage, is operated and managed by American Tobacco Campus, LLC through a separate parking management agreement. However, special event parking is currently managed by LPS during the evening hours and on weekends on a cost reimbursement basis. The contract extension does not include any anticipated cost reimbursement for special events going forward since City Administration is in negotiation with American Tobacco Campus, LLC to manage special event parking in the North garage beginning July 1, 2010.

Issues/Analysis

LPS has managed the Off-Street and On-Street parking in the City for nearly three years. Staff feels that the contractor has, in that time, developed a level of familiarity with the operation and currently has a thorough understanding of the management, operation, and maintenance expectations of the Off-Street program and has become adept in the management of the parking enforcement, citation processing, and adjudication in the On-Street parking program. Additionally, based on the performance during the contract term, staff feels the contractor has demonstrated the ability to perform this work as evidenced by the following:

| Off and On-Street Parking | | |
|---|---|---|
| <u>Challenges</u> | <u>Accomplishments</u> | <u>Benefits Derived</u> |
| Antiquated parking and revenue control equipment. Some equipment was obsolete or in dire need of refurbishment or repair. | Parking equipment was refurbished and returned to being fully operational. | Fewer customer complaints and continuously running facilities. |
| | Repaired gate at Lot 8. | 10% increase in revenue |
| | Parking control software was upgraded. | Increased auditing capabilities. |
| | Provided the City with recommendations for new access control equipment, gave purchase and financing information and worked closely with equipment vendor to provide the City with the best technology for the operations | Information provided has enabled Transportation Dept. to make CIP presentation for equipment. |
| | Established communications with the Church St. Garage enabling remote activation of cards at Lanier's expense. | Increased efficiency and collections of past due monthly accounts. |
| Parking facilities not meeting their revenue potential and the difficult economy. | Increased revenue by 3.5% in 2010 over CPS' last fiscal year, 2008. Accomplished in a very difficult economy | Increased revenues. |
| Elevators were in need of repair and broke down frequently. | Necessary repairs were completed. | Fewer customer complaints and a reduction of equipment downtime. |
| | Full service maintenance contract procured. | Overall elevator maintenance has been improved and fewer equipment breakdowns. |
| Mediocre cleaning at parking facilities. | Maintenance schedule implemented which includes the use of a daily checklist. | Improved the cleanliness at all facilities. |
| | Repainted curbs and entrances in all garages. | Brighter, more inviting appearance for garages. |
| | Surface Lots restriped. | Brighter appearance for users. |
| Delays in entering and exiting facilities during Special Events. | Improved Special Events coordination through meetings with staff of hosting venues including DPAC and DBAP. | Smoother ingress and egress process during Special Events and better communication with venue management. |

| Off and On-Street Parking | | |
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| <u>Challenges</u> | <u>Accomplishments</u> | <u>Benefits Derived</u> |
| Parking needs had not been fully identified relative to economic development goals and plans. | Completed Parking Utilization Study in the downtown loop area and included recommendations regarding installation of parking meters. | Consultation services were included in the contract and were provided at no additional expense to the City of Durham. |
| The Corcoran and Centre Garages were in need of structural renovations. The Church St. Deck will have LED lighting installed in the Spring of 2011, and further structural renovations will need to be done to both the Church and Chapel Hill St. Decks. | Working with the Transportation Dept, and General Services, facilitated moving monthly parkers to other locations, worked closely with contractors, and communicated with the public and users of the garage. | Limited user difficulties during renovations. Communications were clear and users were informed during entire process. Parkers were/are relocated with little problem. |
| | | Repeatedly modified event operations during renovations at Corcoran and Centre to ensure users could enter/exit in a timely manner. |
| Account details were incomplete. | Corrected accounts to ensure all cards are being billed. | 97% of invoices were collected in 2010. |
| Access cards were unaccounted for. | Re-carded most locations at Lanier's expense. | Resolved issue of active, unaccounted for cards and increasing control of who is in the garage and lots. |
| Little communication with stakeholders. | Strove to create good relationships in Durham, staying in constant communication with stakeholders such as DDI, ATC, Self Help, DPAC, etc. | Receiving positive feedback and helping to move the program forward. Obtaining buy-in on major changes in program. |
| Hourly and Monthly rates had not been increased in over 10 years. | Working with the Transportation Dept., encouraged City Council to adopt a rate increase. | Significant additional revenues. |

| Off and On-Street Parking | | |
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| <u>Challenges</u> | <u>Accomplishments</u> | <u>Benefits Derived</u> |
| No control over reserved areas. | Implemented hang tag permits for reserved parking. | Vehicles that pay for reserved parking are easily identified and violators are issued citations. |
| Low morale among employees; little contact with upper management. | Increased morale of employees; regular contact with upper management and encouragement to provide management with ideas for operational improvements. | Morale has been improved and employees are happier. |
| | | Continually training employees and increased customer service seminars and safety training. |
| Limited monthly reporting to City of financials and mediocre audit findings. | Continually evolving monthly management report. | Increased reporting to the Transportation Dept. |
| | Actively working to offer City Staff solutions in areas of improvement identified | Offered solutions in staffing and equipment. |
| Vehicles could drive past gates at Corcoran and Chapel Hill Garages. | At Lanier's expense, installed bollards at the entrances of the lots. | The bollards force people to go through the gates. |
| Lot 40 was unreserved and monthly parkers were dissatisfied. | Lot 40 was converted to a reserved lot with visitor spaces. | Customers are pleased by reserved spaces. |
| Unfamiliar with practices of other similar cities. | Lanier continues to offer the City industry expertise and recommendations. | Increased knowledge and expertise as to how to best advance the parking program. |
| Mediocre collections on old and significantly past due accounts. | Increased collection percentage on outstanding citations, currently at 68.1%, compared with 66.5% for the period 8/2003 through 7/2008. Please note the percentage between 2003 and 2008 includes collection made by Lanier for past due citations. | Significant increase in accounts collected. Increased revenue and reduced the dollar value of past due accounts. |
| | | Received accurate addresses to those who couldn't be located through traditional methods. |
| Revenue collections not meeting expectations | Increased on street revenues by 21% in 2010 over CPS' last fiscal year of 2008. This has been done in a difficult economy. | Increased revenue and reduced the dollar value of past due accounts. |

| Off and On-Street Parking | | |
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| <u>Challenges</u> | <u>Accomplishments</u> | <u>Benefits Derived</u> |
| Existing Clancy System antiquated and unreliable. | Upgraded system in May of 2010. | On Street officers are able to attach pictures to citations in real time. |

During the three (3) year period in which LPS has been providing parking management services, revenue and appropriations have occurred in the following manner:

| | ACTUAL | ACTUAL | PROJECTION |
|-----------------------------|---------------------|---------------------|---------------------|
| Off-Street Parking | 2008-2009* | 2009-2010 | 2010-2011** |
| Revenue | | | |
| Hourly Parking | \$ 437,789 | \$ 392,194 | \$ 574,217 |
| Monthly Parking | \$ 905,420 | \$ 805,409 | \$ 1,051,057 |
| Special Event Parking | \$ 52,527 | \$ 130,729 | \$ 153,855 |
| Total Revenue | \$ 1,395,736 | \$ 1,328,332 | \$ 1,779,129 |
| Appropriations | | | |
| Personnel | \$ 61,844 | \$ 60,042 | \$ 61,874 |
| Operating | \$ 1,032,549 | \$ 1,073,992 | \$ 1,189,813 |
| Capital Outlay | \$ - | \$ - | \$ - |
| Total Appropriations | \$ 1,094,393 | \$ 1,134,034 | \$ 1,251,687 |
| Surplus (Deficit) | \$ 301,343 | \$ 194,298 | \$ 527,442 |
| On-Street Parking | ACTUAL | ACTUAL | PROJECTION |
| | 2008-2009* | 2009-2010 | 2010-2011 |
| Revenue | | | |
| Citations Collection | \$ 293,786 | \$ 341,889 | \$ 345,000 |
| Total Revenue | \$ 293,786 | \$ 341,889 | \$ 345,000 |
| Appropriations | | | |
| Personnel | \$ - | \$ - | \$ - |
| Operating | \$ 298,000 | \$ 299,522 | \$ 300,039 |
| Capital Outlay | \$ - | \$ - | \$ - |
| Total Appropriations | \$ 298,000 | \$ 299,522 | \$ 300,039 |
| Surplus (Deficit) | \$ (4,214) | \$ 42,367 | \$ 44,961 |

* LPS operated only 11.33 months of this fiscal year. ** Rate increase implemented.

Revenues within Off-Street parking decreased in FY 2009-10 but are projected to increase significantly in FY 2010-11 primarily due to a rate increase effective July 1, 2010.

Revenues within On-Street parking have averaged \$326,892 over the three (3) year period even with the increased collection efforts applied. The current collection of citations is at 68%. City staff anticipates working with Lanier Parking to bring this collection percentage over 70% in FY 2012.

Because of the contractors noted achievements during the contract period, Transportation's staff is therefore recommending the continuation of the contract for services until July 20, 2014, as provided for in the original contract.

Alternatives

- 1) The City Council may choose not to extend this contract and direct staff to begin a new contractor selection process. This is not warranted, since the current contractor is performing as noted. Further, there is no reason to expect that a new process will result in cost savings to the City.
- 2) The City Council may choose not to extend this contract and direct staff to return the Off-Street and On-Street parking management duties to the Department of Transportation. This option will require the hiring of staff to carry out the work, and operating funds to support the function.

Financial Impact

The total cost of the proposed amended contract for the entire three year contract period is \$4,371,930.03 plus additional fees for special events parking estimated to be \$120,000 over the term of the contract, resulting in a three year average of \$1,497,310.01 per year. The parking system management services budget for FY 2010-2011 is \$1,499,571.00. The City will spend approximately \$1,481,571.00 through June 30, 2011. This will leave a balance of \$18,000 within the FY 2010-2011 budget. The existing contract will require an approximate total of \$82,639 through July 20, 2011. Amending the contract with LPS will required an approximate cost of \$1,397,463.00 July 21, 2011 through June 30, 2012. Thus, the total funds required (\$1,480,102.00) for July 1, 2011 - June 30, 2012 needs to be included in the proposed FY 2012 budget for City Council approval in June 2011. The balance of the amended contract of \$3,094,467.03 will be included in the future FY 2013 (\$1,483,839.71), FY 2014 (\$1,525,327.02) and FY 2015 (\$85,300.30) budgets for City Council approval in June 2012, June 2013, and June 2014 respectively.

| | |
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| FY 2010-2011 Budget: | \$1,499,571.00 |
| Projected expenses (thru June 30, 2011): | <u>\$1,481,571.00</u> |
| Projected balance available (thru June 30, 2011) | \$ 18,000.00 |

SDBE Summary

This is a contract amendment. No compliance review was conducted in accordance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Lanier Parking Systems of Durham, LLC will be using the following SDBE firms for the additional scope of services:

| Firm | ID | City/State | Amount | % of Contract |
|------------------|-------|------------|----------------|---------------|
| Monarch Services | MSDBE | Durham, NC | \$1,925,467.64 | 44% |

